

<b>SUMMARY OF MAJOR CHANGES TO DoD 7000.14-R, VOLUME 5, CHAPTER 25 “CLAIMS AGAINST THE GOVERNMENT (INCLUDES QUESTIONABLE AND FRAUDULENT CLAIMS)”</b>		
<b>Substantive revisions are denoted by a ★ preceding the section or paragraph with the substantive change or revision.</b>		
<b>PARA</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
<b>Chapter title</b>	<b>Revises title to include general guidance for processing claims against the government.</b>	
<b>2501</b>	<b>Adds a section titled “Overview.”</b>	<b>Update</b>
<b>2502</b>	<b>Adds a section titled “Fraud Defined.”</b>	<b>Update</b>
<b>250302.B</b>	<b>Updates policy and procedures concerning requests for advance decisions on any claim presented for certification or payment within the Department of Defense including the appropriate deciding official for the requests.</b>	<b>Update</b>
<b>250403.E</b>	<b>Updates policy for the collection of fraudulent claims.</b>	<b>Update</b>

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## CHAPTER 25

**CLAIMS AGAINST THE GOVERNMENT**  
**(INCLUDES QUESTIONABLE AND FRAUDULENT CLAIMS)**★2501 OVERVIEW

This chapter stipulates policies and procedures for processing claims against the government, including questionable and fraudulent claims presented for certification or payment that the certifying officer or disbursing officer (DO) believes to be illegal or improper. The chapter includes the definition for fraud, but notes that inaccuracies on voucher submissions do not point necessarily to an intent to defraud the government. Personnel charged with the responsibility for processing payments shall conduct thorough research concerning those payments. When necessary, an advance decision from appropriate authority shall be requested in accordance with subparagraph 250307.B, below.

★2502 FRAUD DEFINED

250201. Fraud is defined as an intentional perversion of the truth for the purpose of inducing another person to part with something of value to him or her, or to surrender a legal right. (Black's Law Dictionary, Sixth Edition, West Publishing Co., 1990) Example: If a person submits a claim for reimbursement of a taxi fare for \$70, knowing that the actual taxi fare was only \$20, with the intent to obtain more money than the person is entitled to receive, and the government pays the \$70, then fraud has been committed. The amount claimed is \$50 more than the amount actually incurred (misrepresentation of a material fact). The claimant has knowledge of the actual cost but claims more (intent to deceive), and the government is entitled to rely on the truthfulness of the amount claimed (detrimental reliance). Related to fraud are false statements and other knowing and willful efforts to falsify, conceal, or cover up a material fact.

250202. Claims also may be illegal but not fraudulent. Example: A claim for payment that is not authorized by law or which is prohibited by law where willful intent to deceive the government is absent. These claims also may be referred to the appropriate authority for an advance decision.

2503 ADVANCE DECISIONS

250301. Claims. Any claim presented for certification or payment that the certifying officer or DO believes to be illegal or improper shall be processed in accordance with procedures described in the following paragraphs.

250302. Application for Decision

A. Authority. Under Title 31, United States Code (U.S.C.), section 3529, a DO, certifying officer, or the head of any agency, may request an advance decision from an authorized official (see Appendix E) on the propriety of any prospective payment. This authority

does not cover the rendering of decisions on questions of law pertaining to payments that already have been made or for hypothetical cases.

★ B. Content. A DO, certifying official, or agency head may request an advance decision from an authorized official (see Appendix E) regarding the propriety of certifying, or of issuing, a payment based on the presentment of a questionable voucher or claim, as appropriate. The request shall specify the facts and evidence sufficient to support the reasons(s) for requesting the advance decision and upon which the decision shall be based. As a general rule, decisions are rendered only when the request is accompanied by a specific claim or voucher (legible copies are acceptable.) All requests for advance decisions shall be forwarded through the General Counsel of the DoD Component or the Defense Finance and Accounting Service (DFAS) to the Deputy General Counsel (Fiscal), Department of Defense (DGC(F)) before referral to any authorized official outside of the Department of Defense (for example, the General Services Administration or the General Accounting Office). A legal memorandum from the General Counsel of the DFAS site or other DoD Component that discusses the legality of the proposed payment under the circumstances shall be attached to the application for advance decision.

C. Forwarding of Certain Requests Concerning Military Personal. A request for an advance decision concerning pay, allowances, travel, transportation, retired pay, or survivor benefits for military personnel is presented through the requesting certifying officer's or DO's chain of command. Within the DFAS, the request also is forwarded to the applicable DFAS site, and the DFAS Office of General Counsel. DOs and certifying officers, under the cognizance of the DFAS Columbus site, shall submit requests through the appropriate chain of command and the Columbus site Office of General Counsel, regardless of the disbursing station symbol number (DSSN) involved.

250303. Other Actions. Cases involving entitlement questions that clearly appear to have been decided authoritatively may be returned to requestors by the responsible activity or DFAS site, or by the appropriate General Counsel, with a determination that an advance decision is not necessary. Advance decision requests may be resubmitted through the responsible activity or supporting DFAS site to the DGC(F) for reconsideration of a Component General Counsel's advisory interpretation. NOTE: For cases within the DFAS that involve payments or certifications of \$100 or less, decisions rendered by the DFAS General Counsel are conclusive to the settlement of accounts. A copy of the memorandum containing each such decision shall be attached to the voucher.

250304. Decisions Rendered

A. Payments in Question. An advance decision is conclusive only as to the particular payment involved in the question presented. A statement made by the responsible office in an advance decision upon a statement of facts submitted, which is broader than the stated facts rendered necessary, is not binding in the settlement of accounts.

B. Effect On Other Payments. An advance decision rendered in a particular case is effective on the date of issuance, but the principles enunciated in decisions of the responsible office are applicable to all cases arising under the statutes, whether occurring before or after the date of the decision. A new construction of the law, contrary to former rulings, applies to disbursements and computations made subsequent to the date of such decision, or to the date of receipt of notice of such decision, if reasonable diligence was exercised to obtain notice.

#### 2504 FALSE, FICTITIOUS, OR FRAUDULENT CLAIMS

250401. Determination of Fraud. Although it is the claimant's responsibility to complete a claim accurately in order to ensure proper payment, it may not be assumed automatically that the claim is fraudulent simply because it is not prepared according to the requirements of publications such as the Joint Federal Travel Regulations (JFTR) or the Joint Travel Regulations (JTR).

A. Not every inaccuracy on a claim form shall be equated with intent to defraud the government. When minor discrepancies exist as a result of clerical or arithmetical error, misunderstanding of procedure, or failure to properly document, the requisite intent to deceive may be missing and, accordingly, a finding of fraud likely would not be supported absent evidence to the contrary. Such errors, however, shall be discussed with the claimant and corrected. For example, when a person inadvertently submits a travel voucher for hotel expenses that contain minor additional room charges that are not payable and, upon notification, the claimant acknowledges the mistake, and where there is no intent to deceive, no fraud has occurred.

B. Where discrepancies are obvious, involve a large or unreasonable amount of money, or are made frequently, a finding of fraud is more likely, absent a satisfactory explanation from the claimant. To ensure the propriety of all payments made, the DO is responsible primarily for determining the existence of fraud in a claim.

EXAMPLE: On August 11, 1978, the Comptroller General (Comp. Gen.), in decision B-189072 (57 Comp. Gen. 664), determined in a Department of the Air Force case that only the items claimed that are not fraudulent may be paid. Examples of individual items claimed on a single travel claim include transportation for each leg of travel performed at the traveler's expense, lodging expenses, and each miscellaneous expense incurred. Per diem allowance is divided into three separately distinct categories (lodging, meals, and incidental expenses). For any day(s) in which a claimant submits a fraudulent lodging receipt, the claimant forfeits the lodging portion of the per diem allowance for the day(s) represented by that lodging receipt. If a meal or an item of incidental expense for a particular day is claimed fraudulently, then the meal or incidental allowance portion of per diem for that day shall be denied. Payment of per diem allowances for other days that are supported properly by a lodging receipt, or for other expenses not tainted by fraud, may be made. This rule applies whether per diem is computed on an actual expense basis or under the lodging plus a fixed fee basis. The average cost of lodging, when applicable, shall be computed by assigning a value of zero to those days for which a fraudulent lodging receipt is submitted. The pro rata share of per diem for the day of return from travel

shall be computed on the same basis. When making final settlement on a travel claim, for which partial payments have been made on the basis of fraud, compute the amount of earned entitlements for the entire period of travel by disallowing any items based on fraud. If the total of entitlements thus computed is less than the amounts previously paid, then recoup the difference from the claimant. Similar procedures shall be followed upon final settlement of travel claims on which advances have been paid. If, after disallowing all fraudulent items, the remaining entitlement is less than the amount of the advance, then recoup the excess advance.

250402. Required Action When a Suspected Fraudulent Claim Is Presented for Payment. When there is reason to suspect that a claim presented for payment contains fraudulent information, the certifying officer or DO shall request his or her commander, or comparable authorized civilian, to initiate an investigation into the suspected fraud. Within the DFAS, the matter may be referred to the Directorate of Internal Review, Arlington, Virginia. The requirement to request an investigation applies regardless of the dollar value of the suspected fraud. The certifying officer or DO shall be given a copy of the completed report of investigation (ROI) and the findings stipulated in the ROI shall be submitted for legal review to the supporting Staff Judge Advocate (SJA) or legal counsel.

A. If the ROI does not support a finding of fraud, then the certifying officer or DO may permit payment for all amounts to which the claimant otherwise is entitled. The certifying officer or DO shall document the reasons for the determination of no fraud. The certifying officer or DO may be called upon from time to time to furnish this documentation in order to give an indication of whether the guidelines are being applied uniformly throughout the Department.

B. If the ROI confirms that some items of the claim are fraudulent, then the certifying officer or DO may permit the payment of those items free of fraud. When payment has been made for that portion of the claim that is free of fraud, if the claimant protests the determination of fraud and insists on payment of the entire claim, then the claimant may submit a new claim for the items denied because of fraud. The DO shall process the reclamation for the items denied as prescribed in paragraph 250405, below.

250403. Required Action Upon Discovery That a Fraudulent Claim Has Been Paid. If, after payment of a claim, the DO discovers or is supplied credible information that indicates that a claim was paid based on fraudulent information or documents, then the DO shall review the retained copy of the claim to determine whether the claim was tainted with fraud.

A. If the DO determines that the claim remains suspect, then he or she shall request his or her commander, or comparable authorized civilian, to initiate an investigation into the suspected fraud. Within the DFAS, the matter may be referred to the Directorate of Internal Review, Arlington, VA. The requirement to request an investigation applies regardless of the dollar value of the suspected fraud and includes illegal, incorrect, or improper payments made as a result of issuing recertified payments where the payee negotiated both the original and the recertified check. The DO shall be given a copy of the final ROI and the findings stipulated in the ROI shall be submitted for legal review to the supporting SJA.

B. The DO shall forward a report to the supporting DFAS site upon initial disclosure that an illegal, incorrect, or improper payment was made on the basis of fraud. The report shall contain a basic statement of the irregularity and the date, amount, and identification of the individual(s) involved. Upon completion of the final recovery, investigative, or other dispositive action, the DO shall forward a second report to the supporting DFAS site.

C. A determination of fraud (as it relates to the payment of a certified voucher or claim) primarily is the responsibility of the DO. The DO shall base his or her determination on the above criteria in this paragraph and on the legal opinion of the supporting SJA or legal counsel. If the DO determines that no fraud is present, then all amounts recovered from the claimant shall be repaid, if otherwise entitled, and this information shall be included in the second report. If the DO determines that some or all items of the claim are fraudulent, then no repayment may be made of those items recovered and the second report shall contain the following:

1. A citation of the applicable contract number (or travel order number)
2. Voucher number
3. Date of payment
4. Appropriation charged
5. A description of the supporting documentation
6. A description of how the fraud was committed
7. A description of procedural deficiencies in the disbursing office, if any
8. The action taken to correct the deficiencies
9. Information as to amounts recovered or scheduled for repayment from the recipient of the fraudulent payment.

D. Except under unusual circumstances, reports shall not be classified or made in message form. No report is required if the fraud is detected prior to any issuance of payment. Should a claim in the form of a reclamation be received for any part, or all of, the amount recovered by the government because of an illegal, incorrect, or improper payment of any voucher item obtained by fraud or misrepresentation, such reclamation shall not be settled by the DO, but shall be processed as prescribed in paragraph 250405, below. In no case shall submission of the reclamation or recovery of amounts paid be deferred pending final determination on the claim.

★ E. The commission of fraud against the government shall be dealt with as a serious offense that is not condoned. A determination by a commander or equivalent civilian manager, regarding the seriousness of the offense, shall be made in consultation with representatives of the appropriate Human Resources office and in coordination with the supporting legal counsel staff.

1. Procedures for Collecting Illegal, Incorrect, or Improper Payments from Civilian Employees. The DO shall forward fraudulent claims for which payments have been issued to the appropriate pay office and local agency Office of General Counsel (OGC) or SJA for referral to the Defense Criminal Investigative Service (DCIS) or Military Criminal Investigative Organization (MCIO), as appropriate. Payments based on substantiated claims of fraud may be recovered by direct repayment by the employee through salary offset, or by other procedures established in this Regulation. The appropriate commander or equivalent civilian manager shall determine the propriety of initiating disciplinary or other remedial action, as appropriate. The DO shall not take any further action on the fraudulent claim until the OGC or SJA gives the DO specific processing and dispositive instructions, on the claim. Oral hearings may be required under 5 U.S.C. 5514 (reference (j)).

2. Collection Procedures for Military Members. The DO shall collect debts owed by Service members in accordance with 37 U.S.C. 1007(c) and this Regulation. When a debtor requests reconsideration of a fraud determination, the creditor organization shall ensure that any evidence or statements submitted by the debtor are considered when the debt is reviewed. The DO shall refer questionable cases to the local SJA for determination. Additional information concerning debt collection procedures for military members may be found in Volume 7A, of this Regulation.

250404. Corrected Claims. When it is established, or it reasonably appears, that a claimant has submitted a fraudulent claim and, upon discovery of the fraud, the claimant submits a corrected claim for those items previously suspected of being fraudulent, the DO shall not pay this subsequent claim. If the claimant persists in having the claim processed, however, then process the claim as prescribed in paragraph 250405, below.

250405. Reclaims of Items Disallowed or Recovered Due to Fraud. The DO shall forward reclaims of items disallowed or recouped due to fraud to the appropriate responsible office (as identified in Appendix E) through the DO's chain of command and the DGC(F). If the entire claim was denied, then submit the original claim. The completed claim shall be accompanied by a covering letter or memorandum from the DO stating specific information as to why the claim is considered fraudulent, and the statement: "I have not made payment and will not make payment in the future unless authorized by competent authority." It also should contain the original and two copies of all supporting documents (and the orders with all endorsements if travel is involved); a copy of the payment voucher on which payment was made for the items free of fraud, if applicable; a copy of the report of investigation; and a statement by the claimant supporting the claimant's belief that the claim is not fraudulent. A statement by the claimant's commander may be submitted at the option of the claimant. When endorsing the DO's letter or memorandum, the DO's commander shall state an opinion on the case either in support of the DO or of the claimant.



250406. Accountability for Amounts Paid Due to Fraud. Most instances of fraud occur when a military member or civilian employee, whose identity clearly is established, submits a claim containing information known to be false. On some occasions, payments are made to individuals whose true identity cannot be determined. In some cases, the individual committing the fraud uses a fictitious name. In other cases, the name of an actual military member or civilian employee may be used. In any of the above situations, an occurrence of this nature shall be reported and investigated as an irregularity in the DO account as prescribed in Chapter 6 of this volume. The DO shall account for an irregularity caused by fraud, as appropriate, for the situations described in the following subparagraphs.

A. When the fraud is discovered prior to the submission of the monthly financial reports for the period during which the payment was made, the applicable voucher shall be reversed and withheld from the reports. Record a loss of funds in the DO's accountability (the DO still has the original payment document).

B. When the fraud is discovered after submission of the monthly financial reports that included the payment, the DO shall not adjust the accountability unless specifically directed to do so by the supporting DFAS site.

250407. Relief of Liability. Submit requests for relief of liability for illegal, incorrect, or improper payments caused by fraudulent claims as prescribed in Chapter 6 of this volume.

250408. Fraud Alert Reporting System

A. General. The Fraud Alert Reporting System is used only when an attempt to commit fraud has occurred or when a high vulnerability to fraud exists. Individuals who represent themselves as transient military personnel perpetrate many of the incidents described in this paragraph.

B. Action by DO. When it is determined that an individual is suspected of obtaining a fraudulent payment (pay, travel, or any other miscellaneous payment) by use of false documents and/or identification, DOs immediately shall notify the supporting DFAS site by priority message. Forward an information copy to all other DFAS sites. The DO also shall render a fraud alert report when he or she foresees a strong possibility of fraud being attempted by an unauthorized absentee who is knowledgeable in disbursing or pay and personnel matters. A fraud alert report shall describe the individual(s) involved in the fraud and details relating to the commission of the fraud with the expectation that this information will forewarn disbursing personnel and enable them to recognize fraudulent acts and, thereby, avoid losses. Reports of missing luggage, burglarized automobiles, and unauthorized absence of personnel in the lower pay grades usually have no value in preventing fraud. The following subparagraphs identify specifics that shall be included in a fraud alert report.

1. Report fraudulent payments that have been made to anyone, especially transients, giving a description of the perpetrator, describing the type of documents used to establish fraudulent entitlement, explaining how the fraud was committed, and

expressing an opinion that indicates the likelihood of the perpetrator attempting future fraud. The description shall include: name (including known aliases); rank or pay grade; social security number; race; age; height; weight; color of eyes/hair; and any distinguishing characteristics and/or body marks.

2. Address the fraud alert report message only to the supporting DFAS site with the other DFAS sites as information addressees. Under no circumstances shall DOs address a fraud alert report to any activity other than the supporting DFAS site.

3. Submit a fraud alert report for unauthorized absence of personnel only when the following three criteria are met.

a. The individual has possession of documents (e.g., pay records, orders, vouchers, or blank checks) that could be used to obtain fraudulent payments.

b. The individual has knowledge of pay and personnel procedures necessary to commit a fraudulent act.

c. The cognizant commander or manager suspects the individual might have a motive to commit the fraud (e.g., he or she is facing disciplinary action, has a past history of substance abuse, presently is encountering personal or financial problems, is suspected of--or has had involvement in--fraud or embezzlement, has voiced desires to obtain high-cost or high-value items, has exhibited an unhealthy fascination for gambling, or appears to rise to challenges or dares).

C. Action by the DFAS Site. Upon receipt and evaluation of the fraud alert report, the supporting DFAS site shall issue a Fraud Alert Warning to all DOs. Fraud Alert Warnings shall be retained by DOs for 1 year unless the issuing DFAS site cancels the warnings. The Internal Review Investigative Services also shall be notified of suspected pay fraud and will, in turn, notify the DCIS or applicable MCIO, when appropriate.

## 2505 CLAIMS AGAINST THE GOVERNMENT

250501. General. Title 31, United States Code, section 3702 (reference (e)), provides general authority for settling claims against the United States. That section provides that any claim against the United States shall be barred forever unless such claim, bearing the signature and address of the claimant or an authorized agent or attorney is received by the responsible agency within 6 full years after the date such claim first accrued. The Secretary of Defense may waive the time limitation for certain late claims involving military personnel. This statute applies unless a more specific statute, which includes its own period of limitation for asserting claims against the government, governs a claim.

250502. Claims. The following offices have been designated as responsible for settling the following types of claims.

A. The Defense Office of Hearings and Appeals (DOHA) has been designated as the office responsible for settling the following types of claims:

1. Military members' pay entitlements
2. Military members' allowances
3. Military members' travel
4. Military members' transportation
5. Military members' survivor benefits
6. Claims by transportation carriers involving amounts collected from them for damage or loss of property shipped at government expense. Payments of claims to carriers for transportation services are further limited by 31 U.S.C. 3726 (reference (e)).

B. Claims involving compensation or leave matters of DoD civilian employees are handled by the Office of Personnel Management.

C. Claims involving travel, transportation, or relocation expenses and allowances for civilians are the responsibility of the General Services Administration.

D. Other claims are handled following DoD Component claims regulations and procedures.

250503. Claim Submission Procedures

A. General. All claims shall be submitted on an individual voucher basis using the appropriate claim form. Each claim voucher shall identify the payee by name and social security number (or employer's identification number), as appropriate, and shall be supported by a claim over the signature and address of the claimant. When the entire amount due is recommended for setoff, the claim voucher may be submitted without a supporting claim. The claimant may state the claim directly on a dealer's bill or public voucher. Claim vouchers with supporting documents shall be submitted under a transmittal letter to the supporting DFAS site. Vouchers covering claims chargeable to either lapsed or available appropriations shall be submitted in the original with sufficient copies for regular distribution. Claims for payments due deceased civilian employees shall be processed as prescribed in Volume 8 of this Regulation.

B. Voucher Preparation. The voucher shall contain:

1. The name and current address of the claimant or assignee
2. The appropriation and other accounting data chargeable
3. A statement as to the purpose of the payment

4. A citation of the contract number
5. Previous voucher payment(s)
6. Project order, and any other data required to process the voucher
7. An explanation of the difference when the recommended amount of payment is different from the amount claimed
8. Details regarding setoff as specified in subparagraph 250503.D, below.

C. Letter of Transmittal. The letter of transmittal shall include: a statement of facts surrounding the claim, the reason(s) for forwarding the claim and an explanation of the doubtful aspects, a recommendation and the reason therefor or a statement that there is no specific recommendation and the reason no recommendation is made, and a statement that the DO has not paid and will not pay the claim until authorized to do so by appropriate authority.

D. Setoff. In all cases involving setoff, submit an additional copy of the voucher. The voucher shall show the amount recommended for setoff and the complete accounting data to be credited. Also furnish a statement showing the basis for the setoff in sufficient detail to permit adequate explanation to the claimant. If no recommendation can be made as to the amount to be set off, the responsible settlement authority shall insert amounts on the voucher.

250504. Review of Claims. The supporting DFAS site shall review each claim to determine whether it is complete as prescribed in this section and otherwise proper for submission to the responsible settlement authority. If submission of all or a major part of the claim to the responsible settlement authority is not required, then the claim shall be returned to the submitting office with:

- A. Advice that all or a major portion of the claim shall be paid locally
- B. A citation to the regulation(s) that authorizes or provides for such payment
- C. A statement, if applicable, that the doubtful portion of the claim should be resubmitted.

250505. Payment of Claims After Approval by the Responsible Settlement Authority. The supporting DFAS site shall forward approved civilian and military pay claims to the appropriate office for payment. All other approved claims shall be paid by the supporting DFAS site. Distribute copies of vouchers for approved claims paid against available appropriations in the same manner as other comparable vouchers. For example, one copy of a

voucher for approved claims paid against a successor appropriation shall be forwarded to the payee, one copy shall be forwarded to the office that administers the applicable successor appropriation, and one copy shall be forwarded to the accountable activity.